

City of Midland, Michigan

Governmental Funds Reconciliation of Balance Sheet to the Statement of Net Assets Year Ended June 30, 2004

Fund Balance - Total Governmental Funds \$ 63,737,824

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of capital assets, less accumulated depreciation 29,678,549

Investments in joint ventures are not financial resources and therefore are not reported in the governmental funds 232,067

Internal Service Funds are included as part of governmental activities:

Net assets of all Internal Service Funds	\$ 14,378,332
Less allocation to business-type activities	<u>(4,035,394)</u>

Total 10,342,938

Some of the City's receivables will not be collected soon enough after year end to be available to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds - Due from other governmental funds 647,338

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net assets:

Bonds and notes payable	(385,000)
Capital lease payable	(1,651,488)
Property tax appeal reserve	(40,100,762)
Compensated absences	<u>(3,193,099)</u>

Total long-term liabilities (45,330,349)

Net Assets - Governmental Activities **\$ 59,308,367**